

## Message Text

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70

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 L-03 SP-02 AID-05 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01

INRE-00 NSCE-00 SSO-00 USIE-00 H-02 AF-06 EA-09

EUR-12 NEA-10 AGR-10 IO-11 INT-05 PA-02 PRS-01 ITC-01

DODE-00 /148 W

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O R 052330Z MAR 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 9189

INFO USUN NEW YORK 705

UNCLAS LIMA 2203

FOR EB- BOEKER; L - FELDMAN; TRSY - LANGE; COMMERCE - ARRILL;

CIEP - GRANFIELD

EO 11652: N/A

TAGS: OCON, EFIN, ECOSC, PE

SUBJECT: UN COMMISSION ON MULTINATIONAL CORPORATIONS -  
FOURTH DAY - MARCH 4

1. SUMMARY: GENERAL DISCUSSION CONTINUED WITH SPEECHES BY THAILAND, UGANDA, VENEZUELA, ECUADOR, FRANCE, THE PHILIPPINES, CANADA, THE UKRAINE, SPAIN, KENYA, ZAIRE, JAMAICA, WORLD FEDERATION OF TRADE UNIONS, INTERNATIONAL ORGANIZATION OF CONSUMERS UNIONS, INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS, WORLD CONFEDERATION OF LABOR. SPEECHES IN AGREEMENT RE HIGH PRIORITY OF CODE, NEED TO ELIMINATE NEGATIVE EFFECTS OF MNC'S PREFERENCE FOR INTERSESSIONAL WORKING GROUP TO DRAFT CODE WITH AD HOC ADVISE OF EXPERTS. SURPRISE OF DAY WAS DRAFT ELABORATING ON LATIN AMERICAN CODE PRINCIPLES

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SUBMITTED TO PRESS BY PERU WHICH WAS RAPIDLY PICKED UP AS

PEOPLE LEARNED OF ITS PRESENCE. SHORTLY THEREAFTER, REMAINING COPIES QUICKLY REMOVED FROM TABLES. PERUVIANS HAVE APPARENTLY WITHDRAWN IT. G-77 MET AT 6:00 P.M. THURSDAY AFTER PLENARY MEETING SO PERHAPS FRIDAY WILL SEE FIRST DEFINITIVE STATEMENTS THIS SERIES MEETINGS FROM G-77.

2. THAILAND, UGANDA, ECUADOR, PHILIPPINES, CANADA, UKRAINE, SPAIN, KENYA, ZAIRE, AND JAMAICA STATED CODE ESSENTIAL, INTERGOVERNMENTAL GROUP SHOULD BE ESTABLISHED IMMEDIATELY. USE PRIVATE EXPERTS ON AD HOC BASIS, INFORMATION SYSTEM ESSENTIAL, WORK SHOULD BE COORDINATED SO AS NOT TO BE DUPLICATIVE, DOCUMENTS RECEIVED TO DATE GOOD BUT TIME INSUFFICIENT FOR ADEQUATE ANALYSIS.

3. ECUADOR, FOR EXAMPLE, SPECIFICALLY STATED A CODE SHOULD (1) BE MANDATORY, (2) RECOGNIZE RIGHT OF SOVEREIGNTY, (3) INCLUDE CALVO DOCTRINE STATEMENT, (4) RECOGNIZE RIGHT OF COUNTRY TO CONTROL OWN RESOURCES, (5) GRANT HOST COUNTRIES RIGHT TO RENEGOTIATE CONTRACT WHEN CONTRACT CONTRARY TO HOST NEEDS, (6) REQUIRE HOME COUNTRIES TO ELIMINATE PRACTICES DETRIMENTAL TO HOST COUNTRIES (TAX HAVENS, TRANSFER PRICING), (7) DEVISE SYSTEM TO PREVENT CONCENTRATION OF WEALTH IN HOME COUNTRIES.

4. THE PHILIPPINES STATEMENT WAS NOTEWORTHY IN THAT STATED ITS FAVORABLE INVESTMENT CLIMATE HAD RESULTED IN STEADY INFLOW OF PRODUCTIVE INVESTMENT BUT IT DID NOT WANT TO MINIMIZE NEGATIVE EFFECTS OF MNC'S ON OTHERS. THOUGHT IT TOO EARLY TO DECIDE IF CODE SHOULD BE MANDATORY.

5. CANADIAN STATEMENT QUITE MODERATE IN THAT SAID CODE IS GUIDELINE FOR GOOD CORPORATE BEHAVIOR AND MUST ENCOURAGE AS WELL AS GUIDE TECHNOLOGY AND CAPITAL TRANSFERS. NATIONAL GOVERNMENTS SHOULD NOT HAVE TO GIVE UP SOVEREIGNTY. CODE SHOULD BE ALLOWED TO EVOLVE GRADUALLY.

6. KENYA WANTED A GREATER EMPHASIS ON TECHNICAL ASSISTANCE TO AFRICAN STATES THROUGH SPECIAL GROUP ALLIED UNCLASSIFIED

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WITH UN CENTER.

7. JAMAICA ALSO THOUGHT IT TOO EARLY TO DECIDE IF CODE SHOULD BE MANDATORY. SAID MORE WORK NEEDED TO DETERMINE WHERE ADDITIONAL STUDIES NEEDED. (E.G. TAXATION, TRANSFER PRICING, ANTITRUST). HOPED CORRUPT PRACTICES ISSUE WOULD BE RESOLVED SOON.

8. INTERNATIONAL ORGANIZATION OF CONSUMERS UNIONS HOPES CODE OF CONDUCT WILL ALSO INCLUDE CODE OF ETHICS TO PROTECT CONSUMERS FROM MNC PROMOTION OF HARMFUL GOODS AND FOOD, MISLABELING, PROVIDING INSUFFICIENT INSTRUCTIONS FOR USE, ETC. PORTION OF CODE (E.G. RESTRICTIVE BUSINESS PRACTICES SECTION) WOULD AUTOMATICALLY BENEFIT CONSUMER BY LOWERING PRICES AND INCREASING VARIETY.

9. LABOR GROUPS SEE MNC LEGAL ACTIVITIES AS DANGEROUS TO WORLD LABOR MOVEMENT BECAUSE OF THEIR TAKING ADVANTAGE OF LOW WAGES OF NON-UNION WORKERS IN LDC'S AND THEIR ABILITY TO CLOSE PLANTS IN ONE COUNTRY AND INCREASE PRODUCTION IN ONE MORE FAVORABLE. WANT MORE DETAILED DATA RE COMPANY FINANCES AND GREATER EMPHASIS ON SOCIAL OBLIGATIONS.

10. IN LATE AFTERNOON, GENERAL DISCUSSION ENDED AND SAHLGREN OPENED DISCUSSION ON CENTER'S STUDIES ON INTERNATIONAL AGREEMENTS, NATIONAL LAWS, AND POSSIBLE METHODS OF WORK (E/C 10/8, 10/9, 10/10). MEXICO STATED G-77 WORKING HARD TO "FIND A SOLUTION" AND WOULD BE MEETING AT 6:00 P.M. CHAIRMAN EXPRESSED CONCERN ABOUT TIME FACTOR BUT ADJOUNED MEETING UNTIL TOMORROW IN HOPE G-77 WOULD HAVE POSITION BY THEN.

11. AFTERNOON SESSION MARKED BY DELEGATES' ATTEMPTS TO SECURE COPIES OF HARD LINE DRAFT SUBMITTED BY PERUVIAN DELEGATION TO PRESS. DRAFT CALLED FOR RIGHT OF HOST COUNTRIES TO REDEFINE LEGISLATION/CONTRACTS/CONCESSIONS AT WILL, SUBJECTED MNC'S TO HOST COUNTRY COURTS WITH INTERNATIONAL LAW INAPPLICABLE, REQUIRED MNC'S TO SUPPLY ALL DATA ON ACTIVITIES AND TO BRING NET INFLOW OF FINANCIAL RESOURCES TO HOST COUNTRY. PERUVIANS HAVE APPARENTLY WITHDRAWN  
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DEAN

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